## Remarks

Claims 1 and 2 were pending when last examined. With this Response, Applicant cancels claim 1 and amends claim 2.

## § 102 Rejections

The Examiner rejected claims 1 and 2 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,154,600 ("Newman et al."). Applicant has amended claim 2 as follows:

2. A computer software to be executed by a computer for displaying a video in real-time, the computer softer comprising instructions for:

receiving user instructions to apply a transition between a first video clip and a second video clip;

retrieving a frame from the first video clip;

retrieving a frame from the second video clip;

applying the transition effect to the frame from the first video clip and the frame from the second video clip to compose a new frame;

displaying the new frame to an observer in real-time prior to processing a subsequent frame; and

repeating the instructions above for the subsequent frame.

## Amended claim 2.

Newman et al. discloses a stand-alone video editor 100 that is not based on a personal computer. "By eliminating the need for a costly personal computer, the present invention enables the incorporation of conventional home entertainment components, such as VCRs, camcorders and compact disc players, into an economical, stand-alone, non-linear hypermedia editing system."

Newman et al., col. 3, lines 48 to 53. Amended claim 2 now recites a "computer software to be executed by a computer for displaying a video in real-time." Thus, claim 2 is patentable because Newman et al. discloses a hardware video editor instead of a software video editor.

In summary, claims 1 and 2 were pending in the above-identified application when last examined. This Response cancels claim 1 and amends claim 2. For the above reasons, Applicant

respectfully requests the allowance of claim 2. Should the Examiner have any questions, please call the undersigned at (408) 382-0480.

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Signature

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Respectfully submitted,

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